

Hou\$ehold Income

An Urban/Rural Comparison

Average household income is an important measure of the relative economic well-being of counties, regions and states. Economic resources and demographics broadly determine a region's level of household income. The American Community Survey (ACS) data on household income sources provide insights into the differences in average household income between rural counties and their urban counterparts.

Table 1 classifies Utah's counties according to a three-part classification system used by the Office of Management and Budget. The statistics are based on aggregating household information across counties within three geographical area types.

The sources of income data provided by the ACS include earnings, Social Security, retirement, Supplemental Security Income (SSI) and cash public assistance. Average household income depends on the average level of each source and the percentage of households receiving that source. Average earnings depend primarily on a region's economic resources. The average levels of the other sources vary less and are not as closely related to local resources. The percentage of households receiving an income source is influenced strongly by demographics, especially age. For example, the percentage of households receiving Social Security is essentially a function of the size of the elderly population.

As Figure 1 reveals, earnings constitute the largest component of household income. Average levels

vary considerably across regions. The levels of average earnings and average household income are nearly identical, showing that earned income is the most important determinant of household income. The differences in average earnings across regions reflect differences in economic resources.

Retirement income and Social Security are also important income sources, whereas SSI and cash public assistance are largely unrelated to average household income.

Age structure also explains levels of household income. As Figure 2 shows, a smaller share of households in rural counties received earned income and a higher share of households received Social Security and retirement income. Utah's rural counties tend to have older populations.

Because very few individuals continue to work after receiving Social Security, household income for retirees will generally be much lower.

In the future, all Utah counties will eventually shift toward a relatively larger retired population and a relatively smaller working-age population, a transformation the nation will undergo sooner. With Social Security and retirement income, average household income growth will likely be slower.

Maintaining high household income growth rates in the future will depend crucially on boosting the average level of earnings received by proportionally fewer workers. ⓘ

Table 1. Geographical Classification of Utah's Counties

Geographical Regions	Counties within Geographical Regions	Mean Household Income
Metropolitan	Cache, Davis, Juab, Morgan, Salt Lake, Summit, Tooele, Utah, Washington and Weber	\$73,949
Micropolitan	Box Elder, Carbon, Iron, Uintah and Wasatch	\$62,983
Rural	Beaver, Daggett, Duchesne, Emery, Garfield, Grand, Kane, Millard, Piute, Rich, San Juan, Sanpete, Sevier and Wayne	\$56,820

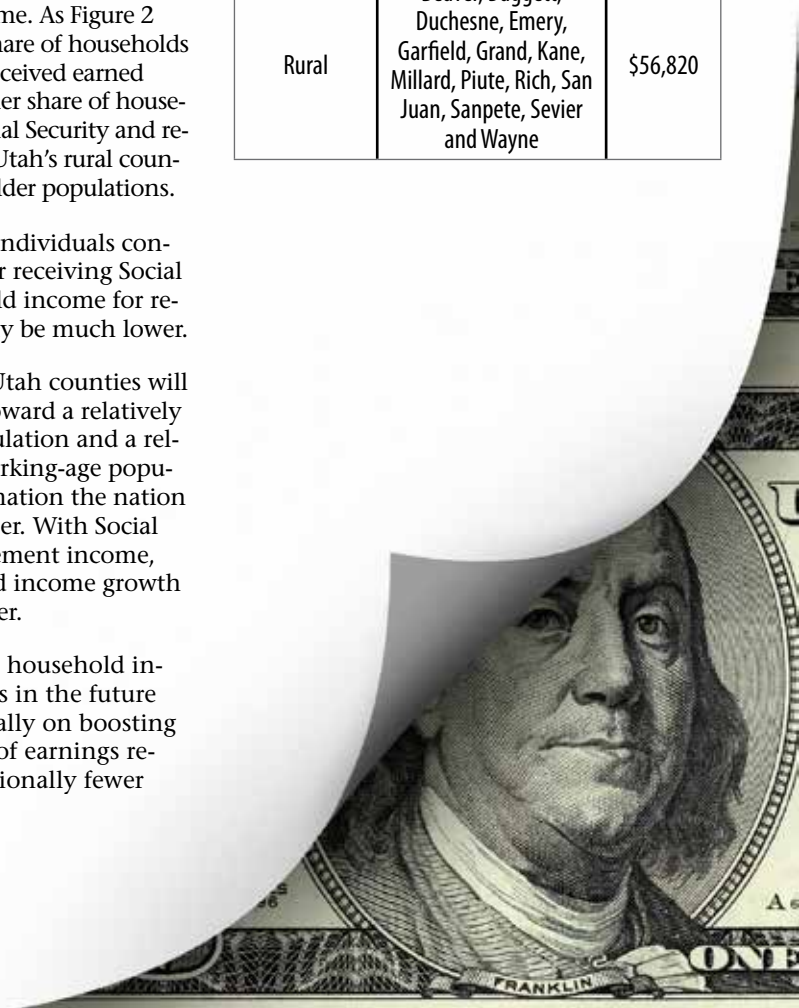


Figure 1: Average Levels of Household Income by Source, 2007–2013

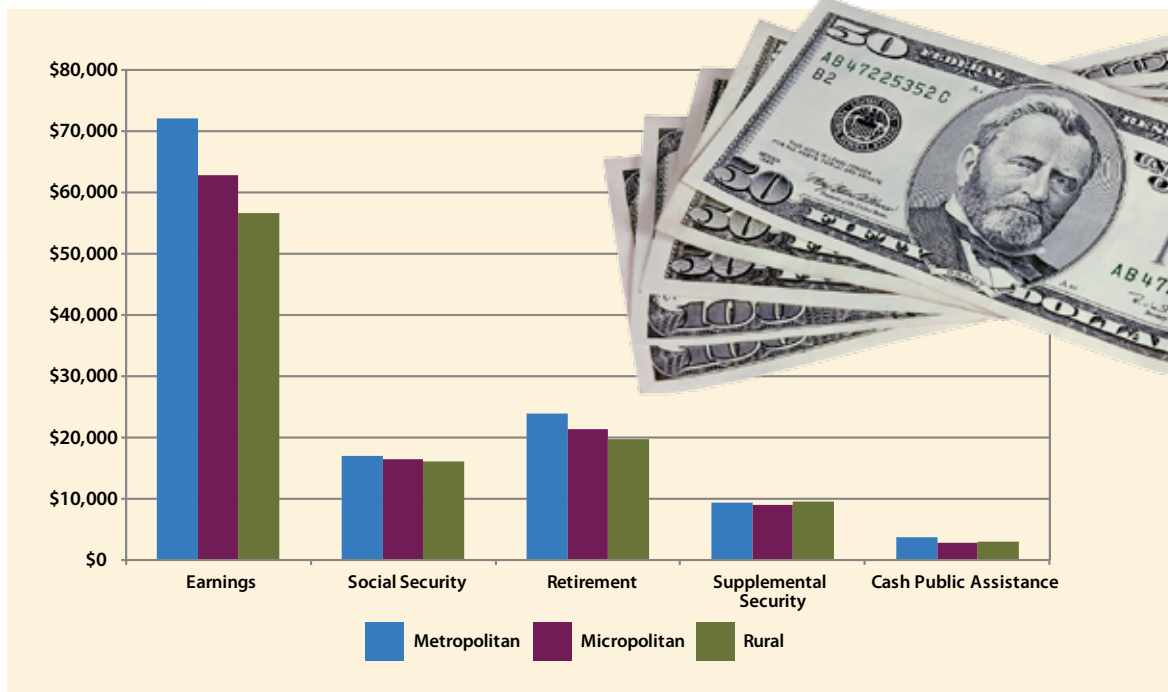
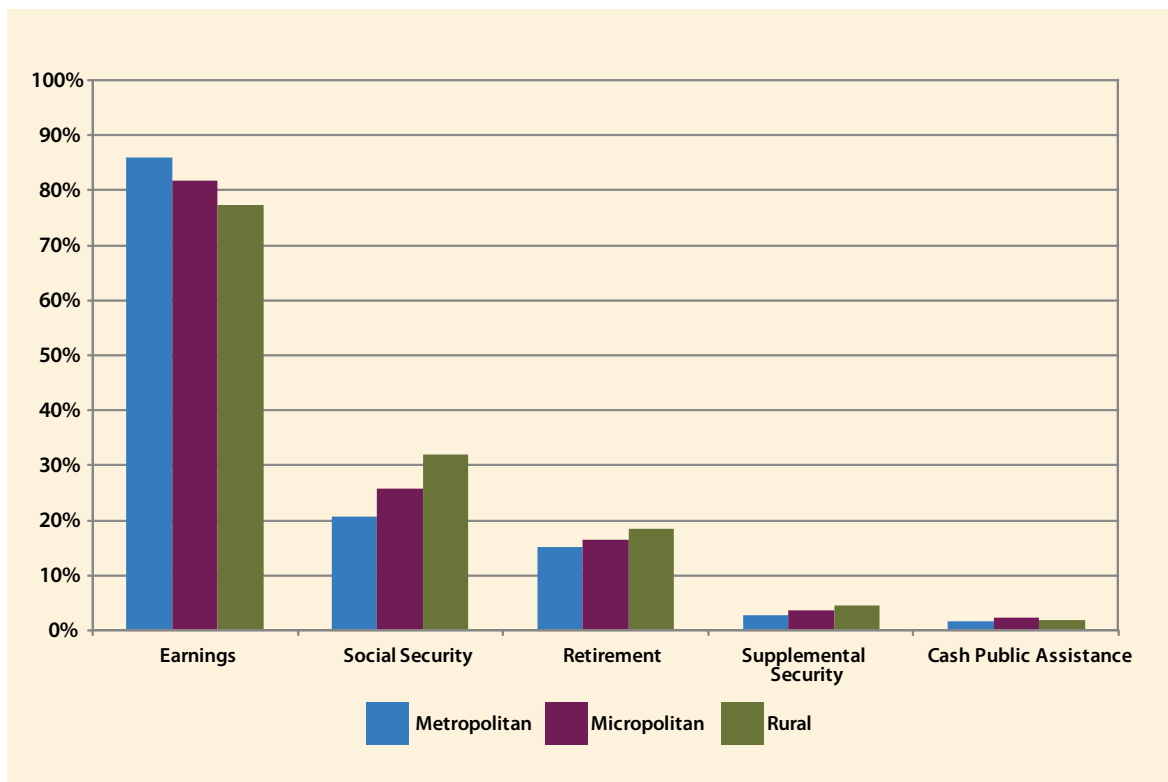


Figure 2: Percent of Households Receiving Various Income Sources, 2007



Source: U.S. Census Bureau, American Community Survey Five-Year Estimates